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The challenges of building a compliance culture in multinational companies

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In today's highly competitive environment, organizations are seeking every possible innovation that can contribute to their success. During the search for innovation, self-conscious companies reserve resources for compliance activities while laboring to gain market share. As a result of this effort, compliance can be a contributor to the competitive advantage of companies if it can be turned into a culture within the organization. In any organization, it is crucial to build a culture of compliance with the participation of all parties. A strong culture of compliance has these main pillars^[1]:

- Understand regulators' expectations;
- Build the three Cs: Communication, Correction, Confirmation;
- Provide personalized compliance experience; and
- Use effective risk assessment

Understanding the intention of the regulator leads to an effective implementation of requirements. As long as the reasoning of the regulation is understood, an effective compliance process can be made. After understanding the requirement, the three Cs of compliance are necessary for an interactive compliance application. First, a company communicates clearly through policies and procedures as part of its culture. Then, the confirmation and correction mechanisms—based on monitoring the effectiveness of designed controls—help to make necessary changes in the process to lead to application improvement. Even if the establishment of self-correction mechanisms through a personalized compliance experience helps to mitigate possible threats, the effective risk assessment still plays a crucial role in detecting vulnerabilities.

Although the culture of compliance can be built on these pillars, there are many challenges that make the results different in every organization, especially in multinational companies (MNCs). Some of the main difficulties with respect to each pillar are:

- The ever-changing implications of international regulations,
- Changes in risk appetite regarding the evolving role of chief risk officers (CROs),
- Impact of multinational employees (MNEs) on the evaluation of compliance, and
- The innovation of risks.

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